

## UNITED STATES BANKRUPTCY COURT

MOR-1

CASE NAME: Texas Standard Oil Company  
CASE NUMBER: 08-34031-H4-11  
PROPOSED PLAN DATE: \_\_\_\_\_

PETITION DATE: 06/26/08 0:00  
DISTRICT OF TEXAS: Southern  
DIVISION: Region 7

## MONTHLY OPERATING REPORT SUMMARY FOR MONTH AUG YEAR 2008

MONTH	Jul-08	Aug-08		
REVENUES (MOR-6)	34,096.85	14,836.81	0.00	0.00
INCOME BEFORE INT. DEPREC./TAX (MOR-6)	-95,323.98	-401,333.82	0.00	0.00
NET INCOME (LOSS) (MOR-6)	-95,824.45	-402,334.29	0.00	0.00
PAYMENTS TO INSIDERS (MOR-9)	0.00	0.00	0.00	0.00
PAYMENTS TO PROFESSIONALS (MOR-9)	0.00	0.00	0.00	0.00
TOTAL DISBURSEMENTS (MOR-8)	7,340.51	93,393.34	0.00	0.00

\*\*\*The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee\*\*\*

REQUIRED INSURANCE MAINTAINED AS OF SIGNATURE DATE **	EXP. DATE
CASUALTY YES ( ) NO (X)	- - -
LIABILITY YES ( ) NO (X)	- - -
VEHICLE YES ( ) NO (X)	- - -
WORKERS YES ( ) NO (X)	- - -
OTHER YES ( ) NO (X)	- - -

Are all accounts receivable being collected within terms? ☐ Yes ☐ No ☐ Yes \* ☐ No  
Are all post-petition liabilities, including taxes, being paid within terms? ☐ Yes ☐ No ☐ Yes, unless disputed. ☐ No  
Have any pre-petition liabilities been paid? ☐ Yes ☐ No  
If so, describe \_\_\_\_\_  
Are all funds received being deposited into DIP bank accounts? ☐ Yes ☐ No ☐ Yes ☐ No  
Were any assets disposed of outside the normal course of business? ☐ Yes ☐ No  
If so, describe \_\_\_\_\_  
Are all U.S. Trustee Quarterly Fee Payments current? ☐ Yes ☐ No ☐ Yes ☐ No  
What is the status of your Plan of Reorganization? Debtor plans to file a plan of reorganization in Dec 2008

ATTORNEY NAME: Heather McInyre

FIRM NAME: HughesWaltersIskanian

ADDRESS: 333 Clay, 29th Floor

CITY, STATE, ZIP: Houston, TX 77002

TELEPHONE/FAX: 713-328-2830 / 713-759-6834

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I certify under penalty of perjury that the following complete  
Monthly Operating Report (MOR), consisting of MOR-1 through  
MOR-9 plus attachments, is true and correct.

SIGNED X Pat Johnson TITLE: Accountant  
(OPTIONAL SIGNATURE)

Pat Johnson DATE: 09/25/08  
(PRINT NAME OF SIGNATORY) Revised 07/01/98

\* Except for expense reimbursement (approximately \$2,600) from MOSH Holding, LP which is in litigation.  
\*\* It is not customary in debtor's business of oil & gas exploration for debtor to carry insurance. Based on information and belief,  
operators of leases in which debtor has oil and gas interests carry insurance covering the debtor's interest.

CASE NAME: Texas Standard Oil Company  
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### COMPARATIVE BALANCE SHEETS

ASSETS	FILING DATE*	MONTH Jul-08	MONTH Aug-08	MONTH Sep-08	MONTH Oct-08	MONTH Nov-08	MONTH Dec-08
<b>CURRENT ASSETS</b>							
Cash	37,874.01	62,869.92	35,400.73				
Accounts Receivable, Net	549,835.14	551,714.72	551,718.71				
Inventory: Lower of Cost or Market							
Prepaid Expenses							
Investments							
Other							
<b>TOTAL CURRENT ASSETS</b>	587,709.15	614,584.64	587,119.44	0.00	0.00	0.00	0.00
<b>PROPERTY, PLANT &amp; EQUIP. @ COST *</b>	132,336.83	132,336.83	217,536.83				
Less Accumulated Depreciation	69,099.56	70,799.86	72,500.16				
<b>NET BOOK VALUE OF PP &amp; E</b>	63,237.27	61,536.97	145,036.67	0.00	0.00	0.00	0.00
<b>OTHER ASSETS</b>							
1. Tax Deposits							
2. Capitalized Office Lease Improvements BV	40,208.40	40,107.40	40,006.40				
3. Electric Deposit							
4. Rent Deposit	4,478.73	4,478.73	4,478.73				
<b>TOTAL ASSETS</b>	\$695,633.55	\$720,707.74	\$776,641.24	\$0.00	\$0.00	\$0.00	\$0.00

\* Per Schedules and Statement of Affairs as amended

**MOR-2**

Revised 07/01/08

\* Does not include drilling costs as these costs are expensed and therefore not shown on the Balance Sheet.  
Includes Undeveloped Leasehold, capitalized Geological & Geophysical (seismic) and Lease & Well Equipment & estimated IDC for Thumbs Up.

CASE NAME: Texas Standard Oil Company  
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### COMPARATIVE BALANCE SHEETS

LIABILITIES & OWNER'S EQUITY	FILING DATE*	MONTH Jul-08	MONTH Aug-08	MONTH Sep-08	MONTH Oct-08	MONTH Nov-08	MONTH Dec-08
<b>LIABILITIES</b>	06/26/08 0:00						
POST-PETITION LIABILITIES(MOR-4)		121,907.97	530,074.96	0.00	0.00	0.00	0.00
<b>PRE-PETITION LIABILITIES</b>							
Notes Payable - Secured	0.00	0.00					
Priority Debt	21,900.00	21,900.00	21,900.00				
Federal Income Tax	0.00	0.00					
FICA/Withholding	0.00	0.00					
Unsecured Debt *	1,346,966.55	1,346,957.22	1,346,957.22				
Other							
TOTAL PRE-PETITION LIABILITIES *	1,368,866.55	1,368,857.22	1,368,857.22	0.00	0.00	0.00	0.00
<b>TOTAL LIABILITIES</b>	1,368,866.55	1,490,765.19	1,898,932.18	0.00	0.00	0.00	0.00
<b>OWNER'S EQUITY (DEFICIT)</b>							
PREFERRED STOCK							
COMMON STOCK							
ADDITIONAL PAID-IN CAPITAL	1,680.67	1,680.67	51,680.67				
RETAINED EARNINGS: Filing Date	(674,913.67)	(674,913.67)	(674,913.67)				
RETAINED EARNINGS: Post Filing Date		(96,824.45)	(499,158.74)				
TOTAL OWNER'S EQUITY (NET WORTH)	(673,233.00)	(770,057.45)	(1,122,391.74)	0.00	0.00	0.00	0.00
<b>TOTAL LIABILITIES &amp; OWNER'S EQUITY</b>	\$695,633.55	\$720,707.74	\$776,540.44	\$0.00	\$0.00	\$0.00	\$0.00

\* Per Schedules and Statement of Affairs

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\* Judgments are not included in this statement as they are encompassed by Joint Interest Billing Statements (which amounts are included).

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### SCHEDULE OF POST-PETITION LIABILITIES

	MONTH Jul-08	MONTH Aug-08	MONTH Sep-08	MONTH Oct-08	MONTH Nov-08	MONTH Dec-08
TRADE ACCOUNTS PAYABLE	121,661.17	529,581.36				
TAX PAYABLE						
Federal Payroll Taxes	0.00					
State Payroll Taxes	0.00					
Ad Valorem Taxes	0.00					
Other Taxes	0.00					
TOTAL TAXES PAYABLE	0.00	0.00	0.00	0.00	0.00	0.00
SECURED DEBT POST-PETITION						
ACCRUED INTEREST PAYABLE	246.80	493.60				
ACCRUED PROFESSIONAL FEES*						
OTHER ACCRUED LIABILITIES						
1.						
2.						
3.						
TOTAL POST-PETITION LIABILITIES (MOR-3)	\$121,907.97	\$530,074.96	\$0.00	\$0.00	\$0.00	\$0.00

\*Payment requires Court Approval

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CASE NAME: Texas Standard Oil Company  
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AGING OF POST-PETITION LIABILITIES  
MONTH Aug-08

DAYS	TOTAL	TRADE ACCOUNTS	FEDERAL TAXES	STATE TAXES	AD VALOREM, OTHER TAXES	MONTH
0-30	407,962.67	407,962.67	0.00	0.00	0.00	
31-60	121,618.69	121,618.69	0.00	0.00	0.00	
61-90	0.00		0.00	0.00	0.00	
91+	0.00		0.00	0.00	0.00	
<b>TOTAL</b>	<b>\$529,581.36</b>	<b>\$529,581.36</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

AGING OF ACCOUNTS RECEIVABLE

MONTH	Aug-08				
0-30 DAYS	2,431.20				
31-60 DAYS					
61-90 DAYS					
91+ DAYS	549,287.51				
<b>TOTAL</b>	<b>\$551,718.71</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

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## STATEMENT OF INCOME (LOSS)

	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH	FILING TO DATE
	Jul-08	Aug-08						
REVENUES (MOR-1)	34,096.85	14,836.81						48,933.66
TOTAL COST OF REVENUES	123,001.33	408,833.58						531,834.91
GROSS PROFIT	-88,904.48	-393,996.77	0.00	0.00	0.00	0.00	0.00	-482,901.25
OPERATING EXPENSES:								
Selling & Marketing								0.00
General & Administrative	6,419.50	7,337.05						13,756.55
Insiders Compensation								0.00
Professional Fees								0.00
Other								0.00
Other								0.00
TOTAL OPERATING EXPENSES	6,419.50	7,337.05	0.00	0.00	0.00	0.00	0.00	13,756.55
INCOME BEFORE INT. DEPR/TAX (MOR-1)	-95,323.98	-401,333.82	0.00	0.00	0.00	0.00	0.00	-496,657.80
INTEREST EXPENSE	246.80	246.80						493.60
DEPRECIATION	1,801.30	1,801.30						3,602.60
OTHER (INCOME) EXPENSE*	-547.63	-1,047.63						-1,595.26
OTHER ITEMS**								0.00
TOTAL INT. DEPR & OTHER ITEMS	1,500.47	1,000.47	0.00	0.00	0.00	0.00	0.00	2,500.94
NET INCOME BEFORE TAXES	-96,824.45	-402,334.29	0.00	0.00	0.00	0.00	0.00	-499,158.74
FEDERAL INCOME TAXES								0.00
NET INCOME (LOSS) (MOR-1)	(\$96,824.45)	(\$402,334.29)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$499,158.74)

Accrual Accounting Required, Otherwise Footnote with Explanation

\* Footnote Mandatory.

\*\* Unusual and/or infrequent item(s) outside the ordinary course of business requires footnote.

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\* Rent reimbursement

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**85,200**



CASE NAME: Texas Standard Oil Company  
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# CASH ACCOUNT RECONCILIATION

MONTH OF Aug-08

BANK NAME	Encore Bank #30323489	#	Encore Bank #30323497		
ACCOUNT NUMBER	OPERATING		TAX		
ACCOUNT TYPE				OTHER FUNDS	TOTAL
BANK BALANCE	40,840.20		110.00		\$40,950.20
DEPOSITS IN TRANSIT					\$0.00
OUTSTANDING CHECKS	5,549.47				\$5,549.47
ADJUSTED BANK BALANCE	\$35,290.73	\$0.00	\$110.00	\$0.00	\$35,400.73
BEGINNING CASH - PER BOOKS	62,869.92		0.00		\$62,869.92
RECEIPTS*	65,814.15		120.00		\$65,934.15
TRANSFERS BETWEEN ACCOUNTS (WITHDRAWAL) OR CONTRIBUTION BY INDIVIDUAL DEBTOR MFR-2					\$0.00
CHECKS/OTHER DISBURSEMENTS*	93,393.34		10.00		\$93,403.34
ENDING CASH - PER BOOKS	\$35,290.73	\$0.00	\$110.00	\$0.00	\$35,400.73

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\*Numbers should balance (match) TOTAL RECEIPTS and  
TOTAL DISBURSEMENTS lines on MOR-7

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## PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown for the month, list the amount paid to insiders (as defined in Section 101(31)(A)-(F) of the U.S. Bankruptcy Code) and the professionals. Also, for insiders, identify the type of compensation paid (e.g., salary, commission, bonus, etc.) (Attach additional pages as necessary).

INSIDERS: NAME/COMP TYPE	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
	Jul-08	Aug-08				
1.	0.00	0.00				
2.						
3.						
4.						
5.						
6.						
TOTAL INSIDERS (MOR-1)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

PROFESSIONALS	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
1.	0.00	0.00				
2.						
3.						
4.						
5.						
6.						
TOTAL PROFESSIONALS (MOR-1)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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